

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-572

November 30, 2001

NORTHERN UTILITIES, INC.,  
Proposed Cost of Gas  
Factor for the 2001 – 2002  
Winter Period and Annual  
Environmental Recovery Cost  
Adjustment

ORDER APPROVING  
REVISED RATE  
SCHEDULE

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

We approve Northern Utilities, Inc.'s (Northern) proposed change in its rate schedule correcting the Wells surcharge rate for four of its Commercial & Industrial (C&I) classes to be effective December 1, 2001.

**II. PROCEDURAL HISTORY**

By Order dated October 29, 2001 in this docket, we approved Northern's winter 2001-2002 period cost of gas factor (CGF) adjustment. The cost of gas factor rate schedule includes a surcharge to recover development costs from the abandoned Wells LNG facility project. See Line 20 of Northern's Thirty-ninth Revised Sheet No. 20.1.

In Docket No. 99-259, we approved a settlement allowing for the inclusion of the Wells surcharge in Northern's cost of gas rate to recover costs that Granite State Transmission Company bills to Northern. See *Northern Utilities, Inc., Investigation of Decision to Terminate Agreement with Affiliate, Granite State Gas Transmission Company, for LNG Services*, Docket No. 99-259, Order (Dec. 3, 1999).

On November 21, 2001, Northern filed a proposed change to its CGF rate schedule to be effective December 1, 2001 through April 30, 2002 to decrease the amount charged to four of its C&I classes for the Wells surcharge.<sup>1</sup> With this change, the surcharge for all rate classes will be the same for the remainder of the winter period.

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<sup>1</sup> Northern notified the Staff by telephone on November 20, 2001 that it would be making this filing.

### III. DISCUSSION AND CONCLUSION

Northern charges all of its customers a surcharge to recover the costs of the abandoned Wells LNG facility. Under the terms of a settlement in Docket No. 1999-259, the Wells surcharge was to be applied equally to all classes.

Due to a computer problem, the rate included on the tariff sheet for four C&I classes for the winter 2001-2002 period was not changed to reflect the lower rate that took effect on November 1, 2001 for the other classes. For other classes, Northern decreased the Wells surcharge by \$0.00520 per ccf. Northern proposes to revise the four C&I class rates effective December 1, 2001 to charge them the same decreased surcharge amount that other classes are being charged for the remainder of this winter period.

The Wells settlement allows Northern to collect a specified amount over time. Accordingly, any over-collections from the C&I rate error in this period will serve to reduce total future Wells surcharge collections. In principle this error resulted in some inter-class inequities because four customer classes were over-charged during November, benefiting other classes by reducing the amount of remaining collections to be made, evenly distributed over all classes. However, because the erroneous charge was in place for only one month, the over-collection is relatively small.<sup>2</sup> The Company reports that transportation customers were billed at the correct rate. Thus, this error impacts only C&I sales customers.

There are a number of ways we could address the inter-class issue. One would be to require the Company to issue corrected bills to those affected customers for the month of November. Another would be to require the Company to recalculate an adjusted charge for the four impacted C&I classes for the remainder of this winter period or to do so in the next winter period. However, given that the overall billing impact of this error on customers is relatively small and the over-collection does not result in a net advantage to the Company with respect to its total Wells recoveries, requiring corrective action does not appear warranted.

Because this change corrects an error in the current rate schedule, we approve it for effect on December 1, 2001.

Accordingly, we

O R D E R

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<sup>2</sup> We estimate the Wells surcharge over-collection to be less than \$15,000. Total Wells charges to these classes in November were approximately \$37,000 under the erroneous rate, rather than \$23,000 under the corrected rate. Each of the four affected classes was overcharged by 0.52 cents per ccf, which represents between 0.5% and 1% of the total commodity charge depending on the rate class.

1. That Northern Utilities, Inc.'s Thirty-ninth Revised Sheet No. 20.1 constituting its Cost of Gas Factor for the period December 1, 2001 through April 30, 2002, is approved.

Dated at Augusta, Maine, this 30<sup>th</sup> day of November, 2001.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: Welch

Nugent  
Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.